

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4274

ANSWERED ON:11.08.2017

Fiscal Deficit

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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has taken note of change in Gross Domestic Product (GDP) and Fiscal Deficit of Centre and States/UTs from 2012-13 to 2016-17;

(b) if so, the details thereof and the reasons for this fiscal deficit;

(c) whether some of the States/Union Territories (UTs) have become ineligible for additional market borrowings as they are not compliant with fiscal prudence norms prescribed by the 14th Finance Commission, if so, the details thereof along with the public debt position of States such as Maharashtra, Uttar Pradesh, Tamil Nadu, Rajasthan, Haryana and Andhra Pradesh; and

(d) whether the Government has implemented the recommendations of Shri N.K. Singh Committee for gradual reducing of the Centre's Fiscal Deficit to 2.5 per cent of GDP and Revenue Deficit to 0.8 per cent by 2022-23 and if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a) and (b): The Gross Domestic Product (GDP) at current and constant prices during 2012-13 to 2016-17 is presented in the following table.

Gross Domestic Product (GDP) (Rs Crore)					
2012-13	2013-14	2014-15	2015-16	2016-17	
GDP at constant prices 9213017 9801370 10536984 11381002 12189854					
GDP at current prices 9944013 11233522 12445128 13682035 15183709					

Source: Central Statistics Office

The fiscal deficit of the Centre as percentage of GDP declined from 4.9 per cent in 2012-13 to 4.5 per cent in 2013-14, and further to 4.1 per cent, 3.9 per cent and 3.5 per cent (provisional actual) respectively in 2014-15, 2015-16 and 2016-17. The Government is committed to the policy of fiscal rectitude. As per the information from the Reserve Bank of India's "State Finances: A Study of Budgets of 2016-17", the fiscal deficit of the States as percent of Gross State Domestic Product (GSDP) stood at 2 per cent, 2.2 per cent and 2.6 per cent in 2012-13, 2013-14 and 2014-15 respectively, which increased to 2.9 per cent (without the UDAY liabilities) in 2015-16 (Revised estimates). The State Budgets, in general, expanded in 2015-16, both on account of capital and current spending. Fiscal deficit to GSDP ratio declined to 2.7 per cent (without the UDAY liabilities) in 2016-17 (revised estimates, based on information from 25 States).

(c): Fourteenth Finance Commission (FFC) has anchored fiscal deficit of all the States to an annual limit of 3 per cent of Gross State Domestic Product (GSDP). In addition, the eligible States were allowed additional Fiscal Deficit of 0.5 per cent of GSDP for 2016-17 over and above the normal limit of 3 per cent on achievement of prescribed Fiscal Road Map recommended by FFC for availing additional borrowing space. The additional fiscal space shall be subject to the States amending their FRBM Acts to provide for the statutory flexible limits on fiscal deficit subject to criteria prescribed by FFC. Based on the above criteria, seven States including Madhya Pradesh, Meghalaya, Odisha, Sikkim, Telangana, Uttar Pradesh and Bihar were eligible and given permission for additional borrowings over and above 3 per cent of GSDP during 2016-17.

The outstanding liabilities of the State Governments (As at end March—Rs. in lakh crore) of Andhra Pradesh, Haryana, Maharashtra, Rajasthan, Uttar Pradesh and Tamil Nadu are presented in the following table.

Outstanding liabilities of the
State Governments (Rs. in lakh crore)

Name of the State 2016 (RE) 2017 (BE)

Andhra Pradesh 1.405 1.609

Haryana 1.255 1.442

Maharashtra 3.533 3.940
Rajasthan 2.098 2.328
Tamil Nadu 2.168 2.561
Uttar Pradesh 4.067 4.582

Source: Reserve Bank of India

(d): The Government has not yet implemented the recommendations of the FRBM Review Committee chaired by Shri N.K. Singh.
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